

**CITY COUNCIL WORK SESSION  
CITY OF RAMSEY  
ANOKA COUNTY  
STATE OF MINNESOTA**

The Ramsey City Council conducted a City Council Work Session on Tuesday, November 22, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Acting Mayor Jeffrey Wise  
                            Councilmember Randy Backous  
                            Councilmember David Elvig  
                            Councilmember Colin McGlone  
                            Councilmember Sarah Strommen  
                            Councilmember Jason Tossey

Member Absent:     Mayor Bob Ramsey

Also Present:        City Administrator Kurtis Ulrich  
                            Deputy City Administrator Heidi A. Nelson  
                            Public Works Director Brian Olson  
                            Fire Chief Dean Kapler  
                            Senior Planner Tim Gladhill  
                            City Engineer Tim Himmer  
                            Finance Officer Diana Lund  
                            Parks Supervisor Mark Riverblood  
                            Planning Intern Patrick Brama  
                            Development Manager Darren Lazan  
                            City Attorney William Goodrich

**CALL TO ORDER**

Acting Mayor Wise called the City Council Work Session to order at 5:36 p.m.

**APPROVE AGENDA**

The agenda was approved as submitted.

**COUNCIL TOPICS FOR DISCUSSION**

**1)     Development Costs Study Follow Up**

Planning Intern Brama reviewed the staff report and answered the six inquiries of the Council from its August 23, 2011, meeting.

Acting Mayor Wise stated he felt this was not the reduction the Council wanted.

City Engineer Himmer explained it is for new developers building new infrastructure so while the City is phasing out assessments to residents, this fee would be to developers to cover those costs.

Councilmember Backous noted a correction to the staff report that the \$100 administrative fee at 120 residential would be \$12,000, not \$1,200.

Planning Intern Brama indicated he would make that correction.

Councilmember Elvig asked about the street light fee.

Public Works Director Olson explained the City hires Connexus to install City-issued street lights and three years operation and maintenance is required. Staff recommends keeping the three years of operation and maintenance fees but allow the developer to hire the contractor they want to use. The developer will still have to buy the streetlights and pay for installation but that work would not be done through the City.

Councilmember Strommen asked whether a particular light would have to be installed.

Public Works Director Olson answered in the affirmative and indicated the street light would have to meet City standards.

Planning Intern Brama recommended traffic signs be shifted from the City to the developer at \$225 per sign. Based on Scenario #2, this would reduce fees charged by the City to the developer by \$3,375. Planning Intern Brama noted the Sewer Access Charge (SAC) administrative fee has been considered by the Council and reduced from \$200 per address to \$25 per address in 2012.

Finance Officer Lund explained staff has to track SAC fees, submit reports to verify the building permit, submit reports, and cut the check to the Met Council.

Councilmember Elvig asked why staff is recommending reducing that fee.

Finance Officer Lund explained the fee was \$200 per address but staff felt that fee was too high and a fee of \$25 is more justifiable.

Public Works Director Olson noted the Met Council charges \$2,230 and the City added \$200 to that fee to cover administrative costs. The City's portion went directly into the Sewer Fund.

Finance Officer Lund explained all fees go into separate funds and the only fee related to the General Fund is the administrative fee for erosion control and the certificate of occupancy.

Planning Intern Brama noted the Water/Sewer Trunk fee is listed but staff will not know the change until after the rate study is completed.

Deputy City Administrator Nelson stated the Public Works Committee, at its meeting last week, recommended moving forward with getting RFPs for a sewer and water comprehensive plan. Once completed, policy assumptions will be made on capital investments and community build out to provide the basis of information to make that decision.

Planning Intern Brama advised the Public Works Committee recommended the top soil requirement be changed from six inches to four inches but he does not know the dollar amount of savings.

Councilmember McGlone noted the recommendation is to shift some fees to the developer, like streetlights, which he supports. He supported the development agreement having the authority to not issue the certificate of occupancy until the City is assured everything to be done by the developer is completed. Councilmember McGlone stated he found most of staff's recommendations are not a reduction but a shift.

Councilmember Tossey concurred, noting the recommendations will result in a savings by the developer of only \$279/single family home, which he did not find to be significant.

Acting Mayor Wise stated he thought the City would host a charette with developers so they could be asked about the charges.

Deputy City Administrator Nelson stated the builder's open house is scheduled in December/January. She noted the recommendations may not be much of a reduction but the big reductions will be on the development side when the City looks at SAC and WAC fees. However, this will not be known until the studies are completed. She stated staff will be contacting builders, developers, people involved with The COR, and Builder's Association. After public hearings, staff will glean the information gathered for the Council's consideration.

Councilmember Backous stated the reduction in fees is closer to \$950/single family home, which is significant. He felt staff's recommendations were a step in the right direction.

Councilmember Tossey stated it is a shift of some costs but, in reality, the cost is the same for the builders. He noted the escrow is usually used to assure the project follows the development agreement and asked whether the City can legally use the certificate of occupancy as leverage.

Public Works Director Olson noted it is the homeowner that needs the certificate of occupancy so it could cause a problem if the certificate of occupancy is used as "leverage" to assure something like erosion control standards for the development, which is a problem with the developer, not the homeowner. He noted the escrow guarantees the project will be completed as defined in the development agreement.

Councilmember McGlone stated the idea behind erosion control is to control sediment so there is no flexibility in that rule.

Public Works Director Olson stated another scenario would be if the developer has not yet put in the streetlights and the homeowner wants a certificate of occupancy.

Deputy City Administrator Nelson stated the discussion is whether to use the certificate of occupancy as tool to get the developer to perform on an issue. She explained there is not a tie between the development agreement and the homeowner and the City cannot enforce the developer's obligation against the homeowner.

Councilmember McGlone asked about the difference between the developer's escrow compared to the actual cost to complete.

Public Works Director Olson and City Engineer Himmer described the developments where the City had to pull the letter of credit to complete the project. The escrow covers things like staff time, engineering, inspection, plan review, and is a percentage of the total cost. If any escrow is left, it is returned to the developer.

Councilmember Strommen stated she has a historical perspective from 2007 when the City was in a different position. She noted the concern was to protect taxpayers and residents, current and future, against the cost of development, which was a huge issue at that time. Councilmember Strommen stated she sat through a lot of discussions with residents concerned with having to pay for development occurring and that is what the escrows protect. She felt the escrows were reasonable so the City is not left "holding the bag" and to assure developers coming in have the financial wherewithal to complete what they are proposing. Councilmember Strommen stated she does not want the lowest denominator but also does not want fees to be unreasonable. She stated this is a good step to consider whether we are exposing the City or taxpayers should the developer not perform.

Senior Planner Gladhill noted that escrows are important during the winter season because erosion control may not be addressed until spring but the City does not want to hold up homeowners from moving in.

Acting Mayor Wise asked if this conversation can be held with developers in the room to provide a better, well-rounded look at perceived problems.

City Engineer Himmer stated there could be an occasion during the winter with conditional certificates of occupancy to allow the homeowner to move in and the developer complete the sod and driveway in the spring. However, should the builder go under prior to completing that work, the homeowner would not be able to get the certificate of occupancy until that work is completed. He noted that under this scenario, the homeowner would have already paid the developer to do the work. The intent is to protect the homeowner.

Councilmember Elvig stated he has been through charettes with developers and found all will say development is too expensive yet they still continue to build in Ramsey. Councilmember Elvig agreed consideration of the WAC/SAC will be the big one. He indicated he is not interested in cutting the City's cash flow because it is trying to add more services, sealcoating, parks, mowing, maintenance, and roads. In addition, he does not want it on the residents' backs to cover costs for development. It should come from fees that are legitimate and can be justified.

Councilmember Elvig stated he thinks Ramsey's costs are in the middle of other communities and he would like to make it more affordable but not at a cost to the City.

Acting Mayor Wise stated when a developer says the fees are high, the developer should be asked to provide proof.

Councilmember Tossey noted Mayor Ramsey had requested, during the joint Planning Commission meeting, to see justification that the fees are in line with actual work being performed; however, he does not see that justification in this report. He asked how building permits are determined.

Deputy City Administrator Nelson answered that building permit fees are a percentage of the value of the building. Ramsey follows the League's established fee schedule for building permits.

Councilmember Tossey noted development provides a long lasting tax base. He stated he does not want an arbitrary number and wants fees in line with the work performed.

Councilmember McGlone stated "legitimate" to him is whether it is necessary in the first place. He stated people pay their taxes and do not want to be "nickel and dimed" in fees. He stated he does not have enough information today. Councilmember McGlone stated support for the City to have legitimate fees and be competitive. He noted that every organization can trim its budget more than once.

Councilmember Strommen stated she is not sure the Council will get to the answer, or magic bullet, or exactly the correct fee. It may not be attainable. She suggested the Council take the best information available and make a decision, noting fees can be looked at again, if needed. Councilmember Strommen stated she had prefaced her earlier comment that 2007 was a different time and year but what residents ask for does not change. At some point, the Council needs to move on, take the best information, make a decision, and then reassess if new information becomes available.

Councilmember Backous agreed the City needs to pass on costs to developers but he is not interested in a markup or profit. He suggested staff determine true costs for handling fees, noting the City should not be charging \$200 per household if it only costs \$25/household to process. Councilmember Backous noted that reduction alone will make Ramsey competitive, by having fees that are justifiable.

City Administrator Ulrich explained builders had sued cities for charging high fees so the League got involved and created a schedule of fees. He clarified that cities cannot make a profit on fees charged and can only charge a reasonable cost of what it costs to process a permit. City Administrator Ulrich stated if the Council wants to encourage development it could determine if it wants to use a strategy of going below costs, or the League schedule, since development brings jobs and tax base. The Council can weigh those benefits. City Administrator Ulrich explained staff's recommendation is an attempt to not make a profit but to cover costs.

Councilmember Elvig stated he understood the Metropolitan Council WAC Committee is engaged in a large study that will look at demographics and estimate growth rates, using that criteria relating to availability of water. That study will be used by Mn/DOT to determine infrastructure for the next 10-15 years. Councilmember Elvig stated his concern that if it is determined Ramsey will have a hard time growing to capacity because it does not have water infrastructure, then other infrastructure will be reduced. He believed it was in the City's interest to have a policy that water is a regional problem, not just a Ramsey problem.

Public Works Director Olson indicated that the City of Burnsville got one-third to one-half of its costs from the Legislature so there is some benefit by doing a water treatment facility. He stated staff can provide estimated costs and what would be needed from the Legislature.

Councilmember Elvig pointed out this goes directly to rates and fees and if Ramsey wants to be competitive, it needs to be proactive to get a subsidy and build the system.

Public Works Director Olson cautioned that there could be a change in policy at a regional level that puts Ramsey in a bind if it doesn't plan for the future. That is why staff recommends the water treatment facility not be removed. It would put the City in same situation as it is in with roads. Public Works Director Olson noted the City needs to plan for the future tax base and infrastructure by looking at all aspects of water, sewer, and utilities before making those decisions.

City Administrative Ulrich stated the builder's meeting will be held in December or January and that information will be brought back to the Council.

Deputy City Administrator Nelson asked about the items staff identified outside the scope of the sewer and water updates and whether staff should proceed based on the recommendation.

Acting Mayor Wise stated he does not like basing building permit fees on project valuation because it takes the same effort by the inspector.

Council consensus was reached to adopt the proposed changes in the development fees/charges, direct staff to request bids for both a comprehensive sewer and water system study, and set the developer Open House meeting for Tuesday, December 6, 2011, from 11 a.m. to 1 p.m.

## **2) Discuss Support of Fiscal Disparities Resolution**

City Administrator Ulrich reviewed the staff report. He recommended the City continue the current fiscal disparities policy because of the net benefit.

Councilmembers McGlone, Tossey, and Acting Mayor Wise indicated that while they did not find fiscal disparities to be fair, they would support the resolution because of the net benefit to Ramsey.

Council consensus was reached to support adoption of a resolution requesting no change in Fiscal Disparities.

### **3) 2012 Schedule of Rates, Fees & Charges**

Finance Officer Lund reviewed the staff report, noting it has been updated based on staff's direction at the last Work Session.

Councilmember Elvig asked about the rationale for reverting the trunk charges back to the 2010 rate, a 3.7% decrease from the 2011 rate.

Public Works Director Olson stated he looked at the Department of Interior costs for pipeline and street construction projects and found there was a variation with prices being more similar to construction prices in 2010. He noted it is also justified by the consumer price index.

Acting Mayor Wise noted the cost for photocopies has a \$5 minimum so he thinks a lot of fees may not fit the service being given and the City is making money.

Finance Officer Lund explained that charge is related to police services, perhaps a copy of an incident report, so she is not sure what it entails.

Acting Mayor Wise asked whether the Finance Committee should look at the fee schedule and make a recommendation.

Councilmember Tossey questioned a fee for special HRA meetings and asked who pays for it.

Deputy City Administrator Nelson stated it is paid by the developer if the developer requests a meeting outside of the HRA's regular meeting schedule. She explained this has become an issue with the Planning Commission when a developer wants an action by a date certain. If the meeting schedule is shifted, there is an additional cost.

Councilmember Tossey noted the HRA has held a lot of meetings over one development and asked if that developer was charged a fee. He also asked how it is determined when to charge to assure consistency.

Councilmember Tossey asked about the rate charged to businesses for police services (such as at a special event) and if it is based on the officer's rate of pay.

Finance Officer Lund explained the charge to End Zone was based on the officer who responded, a senior officer. However, the new fee schedule contains a flat rate that is weighted rate based on all officers. Finance Officer Lund referenced the utility charges, noting they will go out in April for first quarter billing, and the only change is related to storm drainage and water. She explained storm drainage is based on the CIP cash flow and water rates are based on the water study that is in place, reflecting a 5% increase. Finance Officer Lund advised that Ramsey is in the middle line of what other cities charge for water rates and the increase is due to the requirement for conservation rates to qualify for bonding. She noted if cuts are made in fees, there needs to be a corresponding cut in expenditures to create a balanced budget.

Councilmember Tossey asked if there would be a budget shortfall if no building permits were issued.

Finance Officer Lund answered in the affirmative, noting the budget includes \$300,000 from building permit revenue, plan check fees, urban septic permits, etc.

Councilmember Tossey stated his impression that if there are no building permits, there are no expenditures for processing those permits. He pointed out that from January through July only nine building permits were drawn for new single family.

Finance Officer Lund advised the City is currently \$150,000 under budget.

Public Works Director Olson advised that engineering is \$200,000 over budget.

Finance Officer Lund explained if the Council reduces fees it will need a corresponding reduction on the expenditure side.

Councilmember Elvig noted that communities with few building permits then reduce staff for providing those services.

Councilmember McGlone agreed with Finance Officer Lund about having to reduce on both sides of the budget. He stated he has been advocating for reducing the number of parks because more roads means more money and more maintenance. Councilmember McGlone stated the City has five parks in the master plan but has not done much to move in that direction. He felt that the top fee developers and builders will say is too high is the \$2,400 per unit park dedication fee. He stated he does not want another new park in Ramsey and wants to bring down the number of parks to five good parks that will cost less to maintain and require fewer staff. In addition, the City could then reduce the park dedication fee.

Finance Officer Lund stated this fee schedule is on tonight's Council consent agenda for introduction and scheduling the public hearing on December 13, 2011. If given second reading on that date, it would be effective on January 16, 2012.

Councilmember Elvig asked if the Council can adjust fees at a later date.

Finance Officer Lund answered in the affirmative, noting that action would require holding another public hearing and following the same procedure.

Councilmember Tossey asked if the Finance Committee will be looking at the fee schedule.

Councilmember Elvig stated if the Council so directs, the Finance Committee can review the fee schedule; however, the members who are driving that agenda (lower fees) need to be involved so they understand the ripple effect.

Councilmember Strommen stated she feels this is a bit like trying to hit a moving target and suggested that if Members have issues with certain fees, they identify the fees so the Council can

focus on them. She agreed with the benefit of experiencing the information first hand. Councilmember Strommen stated staff has provided its recommendation and she supports moving forward with adjustments to fees in the future, if needed. She noted it costs time and money for staff to continually go over all of the fees and rather than delegating this to the Finance Committee, the Members should identify the specific fees it wants addressed. Once those fees are defined, the Council can focus on them.

City Administrator Ulrich suggested the Council focus on development and builder fees and bring that through the process. He indicated that staff spent a lot of time going through fees and kicked out many and reduced some, but the focus was on the builder/developer aspect and that included fees such as park dedication, WAC, and SAC.

Acting Mayor Wise agreed, noting after the first of the year the Council can address specific fees and work with staff on those items.

Councilmember McGlone stated the issue is that the Council did identify ways to have staff help the Council make a decision and that was to get developers and builders in the room, which did not happen. He stated he does not know whether Ramsey is in line with other communities because he has not seen that analysis. Councilmember McGlone stated he will not support the fee schedule until he gets that information.

Councilmember Strommen stated that information was presented by Planning Intern Brama.

Councilmember McGlone stated the Council identified specific information it needed at a prior meeting and that information has not been provided.

Acting Mayor Wise stated the Council can lower fees at any time and if it is learned a fee is out of line through the upcoming charette, that change can be readily made.

Finance Officer Lund explained if this fee schedule is not passed, the 2011 fees will stay in place and that SAC charge is higher than proposed in 2012.

Acting Mayor Wise agreed the Council did not have the benefit of participation from developers but fees can be reduced at any time so there is no reason to not move forward.

Public Works Director Olson concurred and noted fees can be looked at for all of next year but at some point the fee schedule needs to be adopted so there is rational behind the fee.

Councilmember Tossey stated he is disappointed because the Council had asked about this in June but it is now November and the builder's meeting had still not been held.

## **FUTURE TOPICS FOR DISCUSSION**

Noted.

**MAYOR, COUNCIL AND STAFF INPUT**

None.

**ADJOURNMENT**

The Work Session of the City Council was adjourned at 6:56 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
City Administrator

ATTEST:

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Jo Ann M. Thieling  
City Clerk

Drafted by Carla Wirth  
*TimeSaver Off Site Secretarial, Inc.*